

**WATERWORKS DISTRICT NO. 2  
OF THE PARISH OF ASCENSION, LOUISIANA**

Darrow, Louisiana

**FINANCIAL REPORT**

(Reviewed)

December 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/7/11

**WATERWORKS DISTRICT NO. 2  
OF THE PARISH OF ASCENSION, LOUISIANA**

Darrow, Louisiana

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors  
Waterworks District No. 2  
of the Parish of Ascension, Louisiana  
Darrow, Louisiana

We have reviewed the accompanying statement of net assets of **WATERWORKS DISTRICT NO. 2 OF THE PARISH OF ASCENSION, LOUISIANA** (District) (a component unit of the Parish of Ascension) as of December 31, 2010, and the related statement of revenues, expenses, and changes in net assets and statement of cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the District's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The information included in the accompanying schedules on pages 22, 23, and 24 is presented only for purposes of additional analysis and has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

*Faulkner & Wilder, LLC*

Certified Public Accountants

Baton Rouge, Louisiana  
June 20, 2011

**WATERWORKS DISTRICT NO. 2**  
**OF THE PARISH OF ASCENSION, LOUISIANA**  
Darrow, Louisiana

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**WATERWORKS DISTRICT NO. 2  
OF THE PARISH OF ASCENSION, LOUISIANA**  
Darrow, Louisiana

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management's discussion and analysis of **WATERWORKS DISTRICT NO. 2 OF THE PARISH OF ASCENSION, LOUISIANA's** (District) financial performance provides a narrative overview and analysis of the District's financial activities for the year ended December 31, 2010. Please read it in conjunction with the District's basic financial statements, which begin on page 7.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. Government Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, provides that special purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of:

- Management's discussion and analysis (MD&A)
- Statement of net assets
- Statement of revenues, expenses, and changes in net assets
- Statement of cash flows
- Notes to the financial statements
- RSI other than MD&A, if applicable.

The District is a special purpose government formed by the Ascension Parish Council and is engaged in business-type activities.

**Enterprise Fund Financial Statements**

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets provide information to present the change in the District's financial condition for the current year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most businesses. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and the changes in them. Net assets – the difference between assets and liabilities – are a measure of the financial position of the District. Increases or decreases in the District's net assets are an indicator of whether the District's financial position is improving or deteriorating.

The Statement of Cash Flows provides information on the changes in cash during the year. This statement reports the net cash provided or used by operating, non-capital financing activities, capital and related financing activities, and investing activities.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net assets increased by approximately \$5,000 during 2010. A summary of the net assets for the two years and the changes in net assets of the District's business-type activities is as follows:

### WATERWORKS DISTRICT NO. 2 OF THE PARISH OF ASCENSION, LOUISIANA

#### STATEMENT OF NET ASSETS

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Current and other assets	\$ 219,241	\$ 218,190	0.5
Capital assets	<u>410,011</u>	<u>424,986</u>	<u>(3.5)</u>
Total assets	<u>629,252</u>	<u>643,176</u>	<u>(2.2)</u>
Long-term debt outstanding	27,722	47,141	(41.2)
Other liabilities	<u>42,793</u>	<u>42,400</u>	<u>0.9</u>
Total liabilities	<u>70,515</u>	<u>89,541</u>	<u>(21.2)</u>
Net assets	<u>\$ 558,737</u>	<u>\$ 553,635</u>	<u>-</u>
Components of net assets:			
Invested in capital assets	\$ 382,289	\$ 377,845	1.2
Restricted for debt service	27,534	25,299	8.8
Unrestricted net assets	<u>148,914</u>	<u>150,491</u>	<u>(1.0)</u>
Total net assets	<u>\$ 558,737</u>	<u>\$ 553,635</u>	<u>-</u>

Net assets are the amounts invested in capital assets (water system, equipment, etc.) net of related debt, net assets restricted for debt service requirements, and unrestricted net assets, which are the accumulation of gains from the inception of operations of the District, which were \$148,914 and \$150,491 at the end of 2010 and 2009, respectively.

**WATERWORKS DISTRICT NO. 2  
OF THE PARISH OF ASCENSION, LOUISIANA  
CHANGES IN NET ASSETS**

For the years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Operating revenues:			
Charges for services	\$ 211,978	\$ 211,037	-
Expenses:			
Operating	190,176	181,097	
Depreciation	15,445	15,326	
Interest	<u>1,931</u>	<u>2,901</u>	
Total expenses	<u>207,552</u>	<u>199,324</u>	<u>4.0</u>
Other revenues:			
Miscellaneous	496	3,019	
Interest	<u>180</u>	<u>453</u>	
Total other revenues	<u>676</u>	<u>3,472</u>	<u>(81.0)</u>
Change in net assets	<u>\$ 5,102</u>	<u>\$ 15,185</u>	<u>(66.0)</u>

The District's operating revenues remained relatively consistent with the prior year. Total expenses increased by approximately 4%, which was primarily related to an increase in cost of water of approximately \$5,500 and an increase of professional fees of approximately \$5,000. Finally, the District's change in net assets decreased by approximately 66% due to the overall increase in expenses, and decrease in miscellaneous income.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At December 31, 2010 and 2009, the District had \$410,011 and \$424,986, respectively, invested in capital assets including water lines and related equipment cost, net of accumulated depreciation. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

**Debt**

At December 31, 2010, the District owed approximately \$28,000 on water revenue bonds. Additional information about the District's debt is presented in Note 5 to the financial statements.

## **ECONOMIC FACTORS**

The District anticipates no significant changes in revenue, user rates or expenses during the year ending December 31, 2011.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's customers, creditors and the general public with an overview of the District's finances and to show the District's accountability for the revenues and other funding it receives. If you have any questions about this report or need additional information, contact Reverend Victor Pedescleaux, Chairman, Ascension Waterworks District No. 2 at P.O. Box 295, Darrow, Louisiana 70725.

**WATERWORKS DISTRICT NO. 2  
OF THE PARISH OF ASCENSION, LOUISIANA**

Darrow, Louisiana

**STATEMENT OF NET ASSETS**

December 31, 2010

(See Independent Accountants' Review Report)

**ASSETS**

**CURRENT**

Cash	\$ 96,176
Certificate of deposit	32,504
Accounts receivable, net	28,236
Other	<u>1,501</u>
Total current assets	158,417

**RESTRICTED ASSETS, cash**

Meter deposits	33,290
Water reserve fund	14,012
Water revenue depreciation and contingency fund	13,522

<b>CAPITAL ASSETS, net</b>	<u>410,011</u>
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Total assets	<u>\$ 629,252</u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 9,161
Current portion of long-term debt	20,512
Other	<u>913</u>
Total current liabilities	30,586

<b>PAYABLE FROM RESTRICTED ASSETS - CUSTOMER DEPOSITS</b>	32,719
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<b>LONG-TERM DEBT, net of current portion</b>	<u>7,210</u>
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Total liabilities	<u>70,515</u>
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**NET ASSETS**

Invested in capital assets, net of related debt	382,289
Restricted for debt service	27,534
Unrestricted net assets	<u>148,914</u>
Total net assets	<u>558,737</u>

Total liabilities and net assets	<u>\$ 629,252</u>
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The accompanying notes to the financial statements  
are an integral part of this statement.

**WATERWORKS DISTRICT NO. 2  
OF THE PARISH OF ASCENSION, LOUISIANA**  
Darrow, Louisiana

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS**

For the year ended December 31, 2010

(See Independent Accountants' Review Report)

**OPERATING REVENUES**

Charges for services	\$ 211,978
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**OPERATING EXPENSES**

Cost of water	107,732
Operations	64,959
Depreciation	15,445
Professional services	10,724
Board fees	3,240
Insurance	2,223
Office	660
Amortization	59
Miscellaneous	579

Total operating expenses	<u>205,621</u>
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Operating income	<u>6,357</u>
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**NON-OPERATING INCOME (EXPENSE)**

Interest income	676
Interest expense	<u>(1,931)</u>

Total non-operating expense	<u>(1,255)</u>
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Increase in net assets	5,102
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**NET ASSETS**

Beginning	<u>553,635</u>
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Ending	<u>\$ 558,737</u>
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The accompanying notes to the financial statements  
are an integral part of this statement.

**WATERWORKS DISTRICT NO. 2  
OF THE PARISH OF ASCENSION, LOUISIANA**  
Darrow, Louisiana

**STATEMENT OF CASH FLOWS**

For the year ended December 31, 2010

(See Independent Accountants' Review Report)

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 210,163
Net payment of customer deposits	(435)
Payments to suppliers	(106,904)
Payments for operating expenses	<u>(82,385)</u>
Net cash provided by operating activities	<u>20,440</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisitions of capital assets	(470)
Payments on long-term debt	(19,419)
Interest paid on capital debt, net of interest income	(1,255)
Transfer to restricted cash	<u>(2,918)</u>
Net cash used by capital and related financing activities	<u>(24,062)</u>
Net decrease in cash	(3,623)

**CASH**

Beginning	<u>99,799</u>
Ending	<u>\$ 96,176</u>

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED  
BY OPERATING ACTIVITIES**

Operating income	\$ 6,357
Adjustments for non-cash items:	
Depreciation and amortization	15,504
Change in operating assets and liabilities:	
Increase in accounts receivable and other assets	(1,814)
Increase in accounts payable	<u>393</u>
Net cash provided by operating activities	<u>\$ 20,440</u>

The accompanying notes to the financial statements  
are an integral part of this statement.

**WATERWORKS DISTRICT NO. 2  
OF THE PARISH OF ASCENSION, LOUISIANA  
Darrow, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and operations**

The Ascension Waterworks District No. 2 (District) was created by the Parish of Ascension, Louisiana to provide for the distribution of water to the citizens residing in Darrow, Louisiana. The District is a component unit of the Parish of Ascension.

**Basis of presentation**

The accompanying component unit financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Reporting entity**

The District is a component unit of the Parish of Ascension, the financial reporting entity. The Parish of Ascension is financially accountable for the District because it appoints a voting majority of the Board and has the ability to impose its will on the District.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish of Ascension, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**Financial statements**

The District follows the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board *"Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments."* This statement provides that special purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of:

- Management's discussion and analysis (MD&A)
- Statement of net assets
- Statement of revenues, expenses, and changes in net assets
- Statement of cash flows
- Notes to the financial statements
- RSI other than MD&A, if applicable

The District is a special purpose government engaged only in business-type activities.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Fund accounting**

The District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, net assets, and revenues and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

### **Basis of accounting**

GASB Statement No. 34 established standards for external reporting for all state and local government entities which includes a statement of net assets, statement of revenues, expenses and changes in net assets, and statement of cash flows. It requires the classification of net assets into three components - 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. These classifications are defined as follows:

**Invested in capital assets, net of related debt** - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted for debt service** - This component of net assets represents the cash transfers and balances for reserve and contingency requirements of the water revenue bonds (Note 5).

**Unrestricted net assets** - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The District accounts for its activities on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the District are included in the statement of net assets. The District uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund financial statements to the extent that they do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the District are water sales to residential and commercial users. Operating expenses for the District include the cost of water, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts and depreciation.

### **Cash**

Cash includes amounts in demand deposit accounts and interest bearing demand deposit accounts. Under state law, the District may deposit funds in demand deposit and interest bearing demand deposit accounts with banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. For purposes of the statement of cash flows, the District considers cash in bank accounts as cash. The District has no cash equivalents at December 31, 2010.

### **Certificate of deposit**

Financial Accounting Standards Board's ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs (sources of pricing information) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The certificate of deposit of the District is Level 2.

### **Restricted assets**

Restricted assets on the balance sheet represent funds held for customer deposits, as well as cash required as part of debt reserve requirements.

### **Accounts receivable**

Accounts receivable represent amounts owed to the District from customer water usage. The allowance for doubtful accounts was \$4,500 at December 31, 2010, which is based on historical data and management's assessment of the collectibility of accounts receivable. The District requires a deposit from its customers as collateral.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital assets**

Property is recorded at cost. Depreciation is computed using the straight-line method over the estimated service lives of the assets.

**Fair value of financial instruments**

The carrying value of cash, accounts receivable and operating liabilities approximate fair value due to the short-term maturity of these instruments.

**Risk management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District renewed its commercial insurance policy in 2010 with no significant change in coverage.

**Net asset balance and net working capital surplus**

At December 31, 2010, unrestricted net assets totaled \$148,914. Additionally, the District had a net working capital surplus of approximately \$128,000.

**NOTE 2 - CASH**

At December 31, 2010, the District's deposits (including demand deposit accounts and restricted cash) totaled \$157,000 and the related bank balances were \$157,464, all of which was insured by the FDIC.

**NOTE 3 - BOND ISSUANCE COSTS**

The District incurred bond issuance costs of \$11,609 related to the USDA loan (Note 5), which have been capitalized and are being amortized over the life of the bond. Accumulated amortization and amortization expense as of, and for the year ended December 31, 2010, were \$11,581 and \$59, respectively.

**NOTE 4 - CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2010, is as follows:

	Balance at 1/1/2010	Increase	Decrease	Balance at 12/31/2010
Capital assets being depreciated:				
Plant and additions	\$ 761,008	\$ 470	\$ -	\$ 761,478
Meters and cables	2,949	-	-	2,949
Less: Accumulated depreciation	(338,971)	(15,445)	-	(354,416)
Capital assets being depreciated, net	<u>\$ 424,986</u>	<u>\$ (14,975)</u>	<u>\$ -</u>	<u>\$ 410,011</u>

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

Depreciation is determined on the straight-line method based on a useful life of fifty years for the water system and ten years for meters and cables. Depreciation expense for the year ended December 31, 2010 was \$15,445.

**NOTE 5 - LONG-TERM DEBT**

The District's debt consists of a water revenue bond described more fully below. The following summarizes debt transactions for the year ended December 31, 2010:

	<u>Balance</u> <u>1/1/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2010</u>	<u>Due Within</u> <u>One Year</u>
Water revenue bonds	\$ 47,141	\$ -	\$ 19,419	\$ 27,722	\$ 20,512

At December 31, 2010, future maturities of long term debt consisted of the following:

<u>Year</u>	<u>Amount</u>
2011	\$ 20,512
2012	<u>7,210</u>
Total	<u>\$ 27,722</u>

On May 19, 1998, the District issued \$360,000 of revenue bonds for the purpose of paying a portion of the cost of making improvements and extensions to the waterworks system. The bond has an interest rate of 5.125% and an original maturity date of May 19, 2038. The bond is payable monthly in the amount of \$1,782. There is no penalty for prepayment and the District has made significant prepayments; therefore, the bonds are expected to be retired by 2012.

**Bond Restrictions**

These bonds are a direct liability of the District to be serviced by the earnings of the District. In accordance with the indentures governing Water Utility Revenue Bonds, Series 1998, cash is periodically deposited into accounts administered by the trustee bank, as follows:

1. The "Water Revenue Fund" requires all revenue derived from its operations to be deposited in a separate bank account. Transfers are required to be made on a monthly basis to designated trust accounts. In addition, the bonds require the use of a depreciation and contingency account.
2. The "Water Revenue Bond Reserve Fund" requires monthly transfers of 5% of the annual payment until a sum equal to the highest debt service payable falling due in any year has been accumulated. These funds are restricted to payment of principal and interest in case of default. At December 31, 2010, the balance deposited was \$14,012.

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

**Bond Restrictions (continued)**

3. There was originally a requirement to establish a "Water Revenue Bond and Interest Sinking Fund" for the purpose of paying the principal and interest. However, by agreement with the district USDA Rural Development, the requirement was waived.
4. The "Water Revenue Depreciation and Contingency Fund" requires monthly transfers of \$94. The Funds are restricted to payments for unusual or extraordinary maintenance, repairs, replacement, and extensions and improvements that will either enhance its revenue producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in the "Water Revenue Fund". At December 31, 2010, the balance deposited was \$13,522.

At December 31, 2010, the District had sufficient balances in the reserve accounts to meet these requirements.

**NOTE 6 - COMMITMENT AND CONTINGENCIES**

**Suppliers**

On April 1, 1997, the District entered into a forty year water sales agreement with a water supplier to purchase water each month at a stipulated rate which is adjusted annually based on the actual costs of production of water. Currently the District is paying \$2.29 per 1,000 gallons.

**Environmental contingencies**

Management of the District is not aware of any unrecorded material commitments or contingent environmental liabilities. Environmental contingencies have been mitigated by testing of the water system on a regular basis and providing the test results to the proper environmental authorities.

**NOTE 7 - COMPENSATION OF BOARD MEMBERS**

Board member compensation during 2010 was as follows:

	<u>Amount</u>
Leo John Graves, Sr.	\$ 720
Jan Waggenpack	720
Brenda Jacque	660
Rev. Victor Pedescleaux	660
Elijah Claiborne, Jr.	<u>480</u>
Total compensation	<u>\$ 3,240</u>

**NOTE 8 - SUBSEQUENT EVENTS**

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through June 20, 2011, the date the financial statements were available to be issued.

**WATERWORKS DISTRICT NO. 2  
OF THE PARISH OF ASCENSION, LOUISIANA**

Darrow, Louisiana

**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

December 31, 2010



**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

Board of Directors  
Waterworks District No. 2  
of the Parish of Ascension, Louisiana  
Darrow, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of the **WATERWORKS DISTRICT NO. 2 OF THE PARISH OF ASCENSION, LOUISIANA** (District), solely to assist you in evaluating management's assertions about the District's compliance with certain laws and regulations for the year ended December 31, 2010. This agreed-upon procedures engagement was conducted in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants, and applicable provisions of *Government Auditing Standards*, published by the United States Comptroller General. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

With respect to your representations relating to the federal, state, and local awards compliance, as of December 31, 2010, and for the year then ended, we applied the following agreed-upon procedures:

1. Determine the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

The District did not receive any federal, state or local awards during 2010.

2. For each federal, state, and local award, randomly select 6 disbursements, trace each disbursement to supporting documentation, determine that the disbursement was approved, and that the disbursement was properly coded to the correct fund and general ledger account.

There were no federal, state or local awards received in 2010; however, we traced 6 disbursements to supporting documentation, and determined that the disbursement was approved, and properly coded to the correct fund and general ledger account.

3. For the programs selected in step 2 that have been closed out during the period, compare the close-out report to the financial records.

No programs were closed out in 2010.

4. Examine evidence indicating that agendas for meetings recorded in the minutes books were posted as an open meeting as required by R.S. 42:1 through 42:13 (the open meetings law).

The agenda was posted as required by the open meetings law.

5. For all grants exceeding five thousand dollars, the grantor is required to provide the grantee with a comprehensive budget.

There were no grants received in 2010.

6. Review any prior year suggestions, recommendations, and/or comments to determine the extent to which they are resolved.

There were no reported prior year comments and recommendations.

We were not engaged to and did not conduct an examination, the objective of which would be to express an opinion on the compliance with the laws and regulations. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and management of the **WATERWORKS DISTRICT NO. 2 OF THE PARISH OF ASCENSION, LOUISIANA**, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Faulk & Winkler, LLC*

Certified Public Accountants

Baton Rouge, Louisiana  
June 20, 2011

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Quasi-public Agencies)**

May 19, 2011

Faulk & Winkler, LLC  
6811 Jefferson Hwy.  
Baton Rouge, LA 70806

*In connection with your review of our financial statements as of December 31, 2010 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.*

These representations are based on the information available to us as of May 19, 2010.

**Federal, State, and Local Awards**

We have detailed for you the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

None in 2010

Yes ☐ No ☐

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

None in 2010

Yes ☐ No ☐

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

None in 2010

Yes ☐ No ☐

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

None in 2010

Yes ☐ No ☐

**Open Meetings**

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:1 through 42:13 (the open meetings law).

Yes ☒ No ☐

**Budget**

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

None in 2010

Yes [ ] No [ ]

**Prior Year Comments**

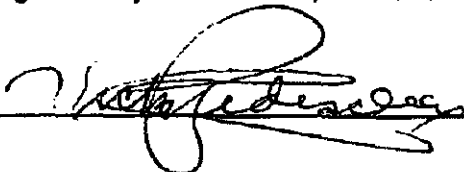
We have resolved all prior-year recommendations and/or comments.

N/A

Yes [ ] No [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

 President 6-27-2011 Date

**WATERWORKS DISTRICT NO. 2  
OF THE PARISH OF ASCENSION, LOUISIANA**  
Darrow, Louisiana

**WATER CUSTOMERS**

December 31, 2010  
(Without Audit)

Records maintained by the District indicated the number of residential and commercial users for the water system at December 31, 2010 were 523.

At December 31, 2010, the District was charging residential customers a \$14.59 base fee per month for the first 2,000 gallons with \$4.55 for each additional thousand gallons of water consumed. Commercial customers were charged a \$21.26 base fee for the first 2,000 gallons with \$5.43 for each additional thousand gallons of water consumed.

**WATERWORKS DISTRICT NO.2  
OF THE PARISH OF ASCENSION, LOUISIANA**

Darrow, Louisiana

**INSURANCE IN FORCE**

December 31, 2010  
(Without Audit)

<u>Insurance Company</u>	<u>Type of Insurance</u>	<u>Coverage</u>	<u>Effective Dates</u>
Traveler's Property Casualty Co. of America	Executive Liability	\$1,000,000	1/1/10-1/1/13
American Alternative Insurance Corp.	General Liability	\$1,000,000	1/1/10-1/1/11
American Alternative Insurance Corp.	Auto Liability	\$1,000,000	1/1/10-1/1/11

**WATERWORKS DISTRICT NO.2  
OF THE PARISH OF ASCENSION, LOUISIANA**

Darrow, Louisiana

**BOARD OF DIRECTORS**

December 31, 2010  
(Without Audit)

Reverend Victor Pedescleaux  
P.O. Box 54  
Darrow, LA 70725  
Phone # (225) 473-1993

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